



CALIFORNIA WATER SERVICE

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Draft Advice Letter per Resolution W-4849 California Water Service's Transition Plan for Expiration of COVID Emergency Customer Protections (February 25, 2021)

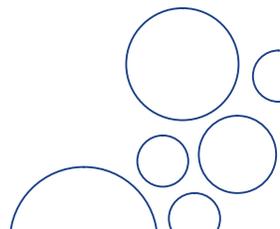
The purpose of this filing is to present California Water Service's (Cal Water's) transition plan in accordance with the California Public Utilities Commission (Commission or CPUC) Resolution (Res.) M-4849, Authorization and Order directing investor-owned utilities (IOUs) to extend emergency customer protections to support California customers through June 30, 2021, and to file transition plans for the expiration of the emergency customer protections.

I. BACKGROUND

In Decision (D.) 19-07-015, the Commission established a permanent set of minimum emergency disaster customer protection measures that the utilities are mandated to implement in the event of a declared emergency.¹ Pursuant to (Ordering Paragraph (OP) 1, emergency disaster customer relief protections shall apply to utility customers in areas affected by a disaster declared a state of emergency by the Governor of California or the President of the United States. Consistent with D.19-07-015 OP 9, when a disaster has either resulted in the loss or disruption of the delivery or receipt of utility service and/or resulted in the degradation of the quality of utility services, the utilities must submit a Tier 1 Advice Letter (AL) with the Commission's Water Division within 15 days of a governor's state of emergency declaration or a presidential state of emergency proclamation reporting compliance with the Decision's mandated emergency disaster customer relief protections. On March 4, 2020, Governor Gavin Newsom (Governor) declared a State of Emergency in response to the outbreak of novel coronavirus, COVID-19.² On March 13, 2020, President Trump signed an

¹ D.19-07-015 at 4.

² <https://www.gov.ca.gov/2020/03/04/governor-newsom-declares-state-of-emergency-to-help-state-prepare-for-broader-spread-of-covid-19/>.





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Emergency Declaration to facilitate a federal response to the emerging COVID-19 pandemic.³

In response to the March 17, 2020 letter from then Executive Director Stebbins to energy, water and communication corporations to retroactively apply customer protection measures from March 4, 2020 onward during the pendency of the COVID-19 pandemic, for up to one year with an option to extend, Cal Water submitted AL 2379 on March 30, 2020 affirming the company's compliance with specific emergency customer protections and outreach activities in light of the COVID-19 pandemic.

These actions also complied with Executive Order N-42-20 (April 2, 2020) of Governor Newsom, in that Cal Water suspended shut-offs for nonpayment for all customers, and has worked to reconnect customers who had been disconnected for nonpayment since February 27, 2020).

On April 17, 2020, the Commission issued Resolution M-4842, which ratified directions provided by the Commission's Executive Director on March 17, 2020. In response, Cal Water filed AL 2383 to provide a more detailed response to address the seven items listed for water companies in Resolution M-4842, as well as Cal Water's outreach regarding those emergency customer protections.

On February 11, 2021, the Commission adopted Resolution M-4849, Authorization and Order Directing Utilities to Extend Emergency Customer Protections to Support California Customers through June 30, 2021, and to File Transition Plans for the Expiration of the Emergency Customer Protections.⁴

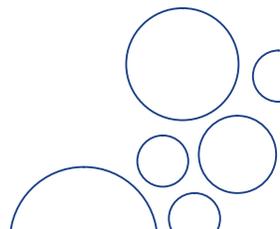
On February 22, 2021, Cal Water filed AL 2403 to demonstrate compliance with emergency customer protections through June 30, 2021.

Resolution M-4849 requires the Investor-Owned Utilities (IOUs) to file a transition plan "to facilitate a smooth transition for customers when the Emergency Customer Protections are lifted."⁵ The IOUs are directed to "design the transition

³ <https://www.federalregister.gov/documents/2020/03/18/2020-05794/declaring-a-national-emergency-concerning-the-novel-coronavirus-disease-covid-19-outbreak>.

⁴ <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M365/K448/365448995.PDF>

⁵ Res. M-4849 at 10.





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plan to effectively ease customers through a transition off of the Emergency Customer Protections.”⁶ The transition plan must include: “1) a timeline of new activities and resumed activities, 2) a marketing, education, and outreach (ME&O) strategy, 3) an explanation of how the activities timeline and ME&O strategy account for compliance and safety, and 4) a progress tracking and reporting plan.”⁷ The goal of the transition plan is to proactively enroll customers in programs to manage their utility bills and inform relevant customers of the changes to programs they are already on.”⁸ In addition, “IOUs should take into account the challenges and solutions discussed in the October 30 and November 12, 2020 COVID workshops as they prepare their transition plans.”⁹

A unique challenge to water utility IOUs is that because we are subject to an on-going moratorium on water disconnections for non-payment imposed by the Governor’s EO, we are unable to resume shutoffs for non-payment until either the EO is lifted, or when Commission mandates to minimize disconnections for non-payment expire, whichever date is later. Because of this uncertainty, it is difficult to provide a precise timeline, but as discussed later in this plan, Cal Water will be not resume shut-off for non-payment until 30 days after the latest directive expires.

Cal Water recognizes the substantial financial hardships that many of its customers have been enduring due to COVID-19 we remain committed to assisting our customers throughout the evolving pandemic and the transition from customer protections. Cal Water strives to transition from the expiration of Emergency Customer protections and the resumption of normal business activities, including disconnections for non-payment, in the most customer focused and efficient way possible.

II. TRANSITION PLAN

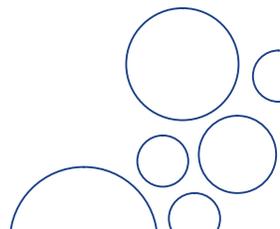
A. Payment Plans

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 34.

⁹ *Id.* at 10.





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Cal Water offers its customers payment arrangements to maintain their utility service and avoid disconnection. During the disconnection moratorium, which remains in effect, Cal Water service representatives have worked closely with customers to structure payment plans to collect arrearages. Options available to customers include splitting payments (payment arrangements) for up to six months to pay off the full balance and deferring payments (payment extensions) of the full balance for up to two weeks beyond the due date. Cal Water intends to continue to offer payment arrangements and payment extensions once the disconnection moratorium is lifted and customer protections expire including offering customers a new, longer 12-month payment plan, and an arrearage management plan.

Customers who remain current on the payment arrangement and current bill will not be disconnected. Cal Water will not require additional statement of hardship or need for the purpose of qualifying customers for payment arrangements. These provisions will apply to both residential and non-residential customers.

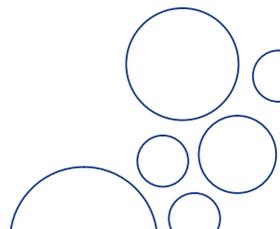
B. Late payment charges

Cal Water does not charge late payment fees.

C. Restoration of Service

In order to resume or continue service that has been disconnected for non-payment, Cal Water intends to resume assessing reconnection fees after the expiration of Emergency Customer Protections. As the disconnection moratorium has been in place since April 2020 and Cal Water has not disconnected customers for non-payment, reconnection fees will resume after the minimum 79-day grace period¹⁰, as contained in the tariff rules, expires. As such, Cal Water expects to resume assessing reconnection fees at that time.

¹⁰ SB 998, Dodd. Discontinuation of residential water service: urban and community water systems, September 28, 2018, requires that customers be delinquent for at least 60-days prior to disconnection. Incorporating this law into Cal Water's then existing 19-day delinquent policy yields a minimum 79-day period before disconnection.





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Customers will be notified of this change 30-days prior to the expiration of the Emergency Customer Protections.

D. Low-Income Ratepayer Assistance / Customer Assistance Program Recertification

Low-Income Ratepayer Assistance (LIRA) or Customer Assistance Program (CAP)¹¹ customers recertify their eligibility every two years. While the Emergency Customer Protections have been in effect, eligibility recertification has been suspended. When the Emergency Customer Protections expire, Cal Water will ensure that customers have at least 60 days to recertify prior to being removed from the program.

Cal Water notes that data exchanges between itself and the energy companies now occurred three times in 2020 to ensure that all eligible customers are enrolled in the LIRA / CAP program. By ruling issued in R.17-06-024, water and energy utilities were directed to meet and confer regarding LIRA / CAP data exchanges and report back their recommendations. The water and energy utilities agreed to share data up to and no more than four times a year.

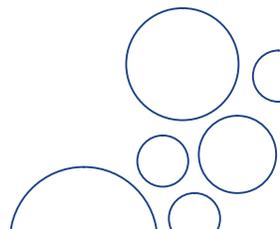
Customers will be notified of this change at least 30-days prior to the expiration of the CPUC's Emergency Customer Protections.

E. Resumption of Disconnects for Non-Payment

In compliance with Governor Newsom's Executive Order N-42-20, Cal Water has suspended shut-offs for nonpayment for all customers, and has worked to reconnect customers who had been disconnected for nonpayment since February 27, 2020.

Cal Water remains committed to working with its customers through the transition period as the Emergency Customer Protections expire and normal business activities resume. Cal Water recognizes the on-going impact of COVID-19 on

¹¹ In D.20-08-047, dated August 27, 2020, the Commission ordered all water utilities to change the name of their low-income assistance programs to "Customer Assistance Program" at the time of filing of their next General Rate Case or GRC. Cal Water currently uses the acronym LIRA for its low-income ratepayer assistance program. Cal Water's next GRC filing is scheduled for July 2021.





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customer's finances and health and the company does not desire to potentially aggravate any customer's situation by disconnecting water service. In this spirit, Cal Water plans to strategically resume the regulated disconnection process once the disconnection moratorium is lifted and the consumer protections expire, whichever date is later

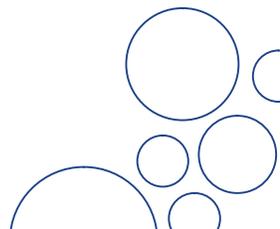
Cal Water's Tariff Rule No. 11, effective February 1, 2020, contains robust pre-disconnection customer protections prescribed by SB 998. Once normal disconnection procedures resume, Cal Water will follow all existing consumer protections including, allowing residential customers¹² a total of 79 days to make bill payment prior to disconnection, sending payment reminders by letter and proactive outbound calls, a petition mechanism for utility review and CPUC appeal, residential health and safety exemptions, as well as tenant notifications in landlord disconnections. Cal Water will also provide information to customers with respect to low-income assistance programs, payment arrangement options, and arrearage management plans.

F. Collections Communication

Under Cal Water's Transition Plan, Cal Water will issue a notice informing customers of the impending lifting of the disconnection moratorium no less than 30 days beforehand. All residential customers who have arrears at the time of the communication that could subject them to disconnection, including LIRA/CAP customers, will be mailed or e-mailed this letter, depending on the customer's indicated preference, reminding them of the need to stay current on their bills and providing information on how to contact Cal Water to enroll in available programs, if needed.

After the disconnection moratorium is lifted, to ensure there is adequate time for customers to receive notice and make payment arrangements as necessary, Cal Water will wait an additional 30-days prior to resuming normal business practices for disconnects. Cal Water will then follow its Tariff Rule No. 11 provisions for disconnections, along with the noticing requirements contained in Tariff Rule No. 8,

¹² Non-residential customers are afforded at least a 10-day notice.





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which offers a 79-day period for bill payment / payment arrangement prior to disconnection for residential customers. Both the pre-notice and grace period will allow for a smoother transition for customers as Cal Water resumes normal business practices.

G. Marketing, Education and Outreach Strategy

Cal Water's Marketing, Education, and Outreach Strategy is designed to support Cal Water's Transition Plan in effectively easing customers through a transition off of the Emergency Customer Protections (and the future expiration of the disconnection moratorium in the Governor's Executive Order N-42-20) by proactively communicating with customers to enroll them in programs to manage their utility bills and informing them of the changes to programs in which they are already enrolled. The Strategy was developed with a customer-impact lens and is part of a coordinated and effective marketing, education and outreach program with other CPUC-regulated water utilities.

1. Audiences

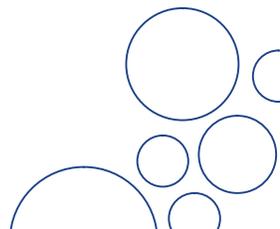
The ME&O Strategy is intended to reach both customers at large and specifically targeted categories of customers as follows:

- Customers enrolled in bill management programs
- Customers with arrears
- Customers who may qualify for disconnection preventions due to medical needs pursuant to SB998
- Customers on assistance programs

2. ME&O Activities for All Customers (At Large, Across All Class A & B Water Utilities) & Key Messages

Cal Water will leverage ongoing communication channels to educate and engage customers about:

- Expiration of CPUC Emergency Customer Protections enacted during the COVID-19 crisis





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- Ending of State protections (e.g., Shutoffs for Non-Payment (SONP) moratorium - prepared and distributed date SONPs to resume is announced)
- Programs available to help customers maintain service (payment arrangements, payment extensions, and arrearage management plans.)
- Water efficiency and rebate programs that can help customers use less water and, therefore, reduce their water bill
- Information about the extension of customer protections, where necessary

Tools for implementation statewide across all regulated water utilities include:

- Bill inserts
- Customer service talking points and training
- Automated phone message prompt (i.e. during welcome/on-hold messages)
- Office signage (when reopened to the public)

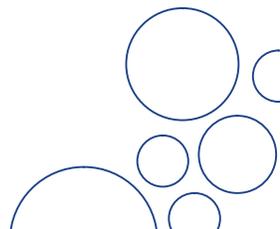
3. Targeted Outreach

Additionally, Cal Water will undertake specific, proactive outreach to targeted customers as listed above under “audiences.” Tools will include the following:

- Phone calls (automated or manual)
- Emails or direct mail

Targeted outreach will convey the following information, as appropriate:

- Information about pending changes to a customer’s service status (in accordance with SB 998) or program enrollment (LIRA/CAP) status
- Needed customer actions, including re-certifications, to remain eligible for programs
- Payment plans and options available to help customers maintain service or manage arrearages, to include date SONPs will be reinstated
- Bill assistance programs





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- Application of reconnection and other fees to a customer
- Noticing of risk of disconnection (termination letter 25 days prior to shutoff, door hanger 10 days prior shutoff)
- Information about qualifying for disconnection preventions due to medical needs pursuant to SB 998

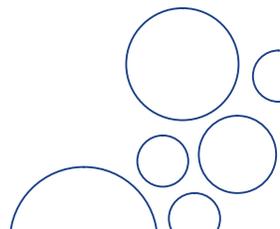
4. Additional ME&O Activities and Tools by Large Class A Companies

Additional channels for customer communication and targeted outreach that may be undertaken by larger Class A utilities (including Cal Water), as resources allow, are:

- Company web site
- Social media
- News releases to local media
- Virtual community meeting
- Direct contact at customer residence (i.e. door hangers)
- Materials in multiple languages (according to customer demographics)
- Advertising (print, social media, or other)

5. Partnerships

- **Partnership Activities By Individual Water Utilities** – Cal Water will seek to identify and partner with community-based and other organizations that regularly interact with targeted audiences to expand our outreach program. This includes, as directed in Resolution M-4849, seeking to partner with the California Department of Community Services and Development and their local service providers to leverage their customer interactions for expanding outreach efforts on bill management programs.
- **Industry-wide Partnership Activities** – California Water Association will also assist Cal Water and other water utilities in coordinating the following additional, potential avenues and partnerships:





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- The California Special Districts Association (CSDA) and their local service providers to promote programs offered by local regulated water utilities
- The water and energy utilities have reached an agreement to share data up to and no more than four times a year to identify potential customers who could benefit from water utility assistance programs
- Services by diverse suppliers to assist Cal Water in implementing customer ME&O activities and tools

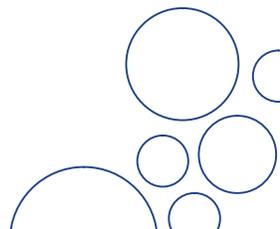
6. Costs

Cal Water's ME&O strategy plans to utilize existing outreach and marketing budgets, with additional redirects from conservation program budgets when feasible. Cal Water does not have a separate budget for low-income programs. Should direct mail become required, the additional cost may need to be recovered. Direct mail to all Cal Water customers costs about \$200,000, including postage. Direct mail to a targeted group of customers would cost less; however, emailing where possible will reduce that cost.

H. Compliance and Safety

Cal Water recognizes the substantial financial hardships that many of its customers have been enduring due to COVID-19 and we remain committed to assisting our customers throughout the evolving pandemic and the transition from customer protections. We are committed to keeping and enrolling low-income and newly low-income customers in eligible programs and will continue thrice-yearly CARE data exchanges with our energy utility partners to ensure that no customer is left behind.

As a 24 hour per day, 7 day a week utility, Cal Water is committed to the safety of its employees and customers. Cal Water's goal is to exceed state and local health orders and the company considers the most stringent of these requirements as a minimum safety floor. To that end, Cal Water has instituted a number of safety measures throughout its field offices including; (1) mass rollout of PPE and temperature screening at all locations, (2) employee 15-days paid COVID-19 leave for direct exposures and childcare needs, (3) work PODs to minimize employee





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interaction across functional areas, and (4) allowing employees to work from home to the maximum extent possible. All employee / customer interactions comply with CDC safety guidelines including the wearing of masks by employees, maintaining a 6-foot separation, and minimizing one-to-one interaction time.

Cal Water will report the number and percent of customers who are projected to be facing disconnection after expiration of the Governor's EO N-42-20.

I. Progress Tracking and Reporting Plan

Despite the transition plan activities and assistance programs cited above, there is continuing uncertainty over the magnitude and duration of economic hardship caused by the pandemic. In this situation it would be appropriate for the Commission to continue to monitor the situation after lifting the disconnection moratorium and customer protections by reviewing monthly reports for progress tracking and reporting.

Cal Water plans to track and report on the transition plan activities using existing reporting tools along with new reports as needed, including:

1. Monthly data reports regarding customers arrearages as part of the water low-income rate assistance rulemaking proceeding R.17-06-024
2. Number of newly enrolled customers that are able to stay on the LIRA/CAP program post June 30, 2021
3. Number of customers enrolled in alternative payment arrangements
4. Customers disconnects and reconnections

